

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ROWAN WATER, INC. OF)	
ROWAN COUNTY, KENTUCKY, FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE AND)	
NECESSITY TO CONSTRUCT, FINANCE AND)	CASE NO.
INCREASE RATES PURSUANT TO KRS 278.023)	2003-00417

O R D E R

On November 4, 2003, Rowan Water, Inc. ("Rowan Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a new \$1,160,200 waterworks improvement project. This project consists of the installation of approximately 6.4 miles of 8-inch through 3-inch water transmission mains, upgrading an existing booster pumping station, a 220,000-gallon water storage tank with telemetry and related appurtenances to improve the pressures and correct water loss to its distribution system in the eastern portion of the county. Project funding consists of a \$685,200 loan from the U.S. Department of Agriculture's Rural Development ("RD") and a \$475,000 grant from RD.

Rowan Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements

were met in the case on November 4, 2003, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Rowan Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Rowan Water's proposed plan of financing with RD is accepted.

3. Rowan Water is authorized to issue bonds not to exceed \$685,200.

4. Rowan Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

6. Rowan Water shall file its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Rowan Water shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

8. Rowan Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. Three years from the effective date of this Order, Rowan Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 4th day of December, 2003.

By the Commission

ATTEST:


Executive Director

Case No. 2003-00417

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00417 DATED December 4, 2003

The following rates and charges are prescribed for the customers in the area served by Rowan Water, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

5/8" Inch Meter

	<u>Rate</u>
First 2,000	\$13.90 Minimum Bill
Next 3,000	5.80 per 1,000 gallons
Next 10,000	5.30 per 1,000 gallons
Next 10,000	4.90 per 1,000 gallons
Next 10,000	4.70 per 1,000 gallons
Next 15,000	4.50 per 1,000 gallons
Over 50,000	4.30 per 1,000 gallons

3/4" Inch Meter

First 4,000	\$25.50 Minimum Bill
Next 1,000	5.80 per 1,000 gallons
Next 10,000	5.30 per 1,000 gallons
Next 10,000	4.90 per 1,000 gallons
Next 10,000	4.70 per 1,000 gallons
Next 15,000	4.50 per 1,000 gallons
Over 50,000	4.30 per 1,000 gallons

1" Inch Meter

First 5,000	\$31.30 Minimum Bill
Next 10,000	5.30 per 1,000 gallons
Next 10,000	4.90 per 1,000 gallons
Next 10,000	4.70 per 1,000 gallons
Next 15,000	4.50 per 1,000 gallons
Over 50,000	4.30 per 1,000 gallons

1 1/2" Inch Meter

First 15,000	\$84.30 Minimum Bill
Next 10,000	4.90 per 1,000 gallons
Next 10,000	4.70 per 1,000 gallons
Next 15,000	4.50 per 1,000 gallons
Over 50,000	4.30 per 1,000 gallons

2" Inch Meter

First 25,000	\$133.30 Minimum Bill
Next 10,000	4.70 per 1,000 gallons
Next 15,000	4.50 per 1,000 gallons
Over 50,000	4.30 per 1,000 gallons

Wholesale Rates

Fleming County Water Assoc.	\$1.75 per 1,000 gallons
City of Olive Hill	1.75 per 1,000 gallons